

Message Text

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PAGE 01 KUALA 00626 142055Z

73

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 SCI-06

INT-08 FEA-02 AGR-20 STR-08 DRC-01 /200 W

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R 141000Z FEB 74

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 6243

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

USLO PEKING

AMEMBASSY PHNOM PENH

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

CINCPAC

C O N F I D E N T I A L KUALA LUMPUR 0626

CINCPAC FOR POLAD

JAKARTA FOR ASSISTANT SECRETARY INGERSOLL

E.O. 11652: GDS

TAGS: PFOR, ETRD, EMIN, MY, US, CH, AS, NZ, CB

SUBJECT: ASSISTANT SECRETARY INGERSOLL'S VISIT TO KL: HIGHLIGHTS

1. SUMMARY: DURING ONE DAY VISIT TO KUALA LUMPUR ASST SECRETARY
INGERSOLL CALLED ON PRIME MINISTER RAZAK, MFA SEC GEN

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PAGE 02 KUALA 00626 142055Z

ZAITON, AND PRIMARY INDUSTRIES MINISTER TAIB. HE ALSO BREAKFASTED
WITH AMERICAN BUSINESSMEN AND LUNCED WITH ZAITON, DEPUTY TRADE

MINISTER MUSA HITAM, AND OTHER SENIOR GOM OFFICIALS. THRUST OF DISCUSSION INDICATED US BUSINESSMEN HAPPY, MALAYSIANS WANT MORE US INVESTMENT, AND ASEAN IS DOING WELL AND ITS FUTURE IS EVEN BRIGHTER. END SUMMARY.

2. THE FOLLOWING SUMMARIZES THE MAIN POINTS OF THE MEETINGS ASST SECRETARY INGERSOLL HAD ON FEB 13 WITH US BUSINESSMEN, PRIME MINISTER RAZAK, MINISTER PRIMARY INDUSTRIES TAIB AND GOM SENIOR OFFICIALS (DETAILED MEMCONS WILL BE POUCHED).

A. BREAKFAST WITH AMERICAN BUSINESSMEN, DCM'S RESIDENCE: SEVEN AMERICAN BUSINESSMEN FROM OIL, ELECTRONICS, MANUFACTURING AND SERVICES COMPANIES IN MALAYSIA CONFIRMED THE FAVORABLE BUSINESS ENVIRONMENT IN MALAYSIA WHICH THEY REGARDED AS CONSIDERABLY MORE RECEPTIVE THAN OTHER PLACES IN SOUTHEAST ASIA. REITERATED THEY HAVE NO IMPORTANT PROBLEMS HERE, ALTHOUGH NOTING THE DIFFICULTY ALL OF THEM HAVE SATISFYING QUOTA REQUIREMENTS IN HIRING MALAYSS, ESPECAILLY ON THE EXECUTIVE LEVEL. THEY BELIEVE GOM IS AWARE OF PROBLEMS IN MOVING ON TO THE INDUSTRIALIZED STAGE OF DEVELOPMENT AND IS GENERALLY TAKING PROPER STEPS. SECRETARY INGERSOLL ENCOURAGED THEM TO FIND MEANS OF ASSOCIATING WITH AMERICAN CHAMBER OF COMMERCE WITHOUT OFFENDING THE GOM'S OPPOSITION TO THE EMERGENCE OF SEPARATE FOREIGN BUSINESS PRESSURE GROUPS. HE ALSO SUGGESTED ASSISTANCE IN DEVELOPING EXECUTIVE AND MANAGERIAL LEVEL PERSONNEL.

B. MEETING WITH TAN SRI ZAITON, SEC GEN MFA: ZAITON'S PRINCIPAL OBSERVATIONS INCLUDED (1) FUTURE WAS BRIGHT FOR ASEAN; (2) AUSTRALIA AND NEW ZEALAND WERE NOT RPT NOT SUITABLE ADDITIONS TO ASEAN; (3) JAPANESE WERE NOT AS DOMINATING IN MALAYSIA AS IN OTHER SEA COUNTRIES; (4) ALTHOUGH MALAYSIA SUPPORTED LON NOL GOVERNMENT IN 1973 UNGA, QUOTE DO NOT THINK WE CAN HANG ON TO THIS POSITION DURING NEXT SESSION END QUOTE; (5) DIPLOMATIC RELATIONS WITH PRC LIKELY TO MATERIALIZE EFORE END OF THIS YEAR. (WITH REGARD TO ZAITON COMMENT ON CAMBODIA, THIS IS SAME LINE FOLLOWED BY MFA BEFORE LAST UNGA BUT WHEN ASIAN BLOC FORMED TO SUPPORT GKR MALAYSIA DID NOT HESITATE TO JOIN.)

C. AMBASSADOR'S LUNCHEON FOR SENIOR GOM OFFICIALS, AT RESIDENCE: ASSISTANT SECRETARY INGERSOLL TOLD MUSA HITAM, DEPUTY MINISTER OF TRADE AND INDUSTRY ET AL, THAT US BUSINESSMEN
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PAGE 03 KUALA 00626 142055Z

GENERALLY HAD POSITIVE ATTITUDE TOWARD FOREIGN INVESTMENT IN MALAYSIA. MUSA SPOKE OF HIS FORTHCOMING INVESTMENT MISSION TO THE US, DESCRIBED THE TECHNIQUES THEY WILL EMPLOY TO EXPEDITE THE MOST RAPID CONCLUSION OF AGREEMENT WITH GENUINELY INTERESTED INVESTORS (E.G. QUOTE POSSIBLY IN TWO DAYS END QUOTE), AND ELABORATED ON GOM'S PRAGMATIC APPROACH WITH REGARD TO PERCENTAGES OF FOREIGN AND LOCAL QUITTY. HE DESCRIBED GOM'S EVOLUTION OF INTEREST FROM LABOR INTENSIVE INDUSTRIES TOWARD INTEGRATED INDUSTRIES EMPLOYING HIGH DEGREE OF LOCAL RESOURCES, E.G. TIMBER TO WOOD PRODUCTS. SENIOR ECONOMIC

OFFICIALS ALSO PREDICTED OPTIMISTICALLY SEVEN PERCENT GROWTH RATE IN 1974 EVEN GIVEN POSSIBILITY OF WORLD-WIDE RECESSION ARISING FROM ENERGY SHORTAGES.

D. MEETING WITH PRIMIN RAZAK: PM MADE FOLLOWING MAIN POINTS: (1) MALAYSIA CONCENTRATING ON ECONOMIC DEVELOPMENT AND WELCOMED ADDITIONAL US INVESTMENT; (2) ADVERSE IMPACT ON DEVELOPING COUNTRIES OF INCREASED OIL PRICES WOULD BE DISCUSSED AT LAHORE ISLAMIC SUMMIT CONFERENCE AS WELL AS AID BY OIL PRODUCERS TO DEVELOPING COUNTRIES; (3) MALAYSIA CONCERNED ABOUT STUDENT UNREST IN THAILAND AND INDONESIA, AND NOTED THAT MALAYSIAN STUDENTS WERE QUIET BUT RESTLESS; (4) STATED FLATLY THAT ASEAN SECRETARIAT WOULD BE ESTABLISHED IN INDONESIA, SINCE THIS IS THE BIGGEST COUNTRY IN ASEAN END QUOTE; (5) MCP INSURGENTS WOULD BE UNDERCUT BY GOM-PRC DIPLMATIC RELATIONS; (6) ASEAN COULD ONLY HAVE A POSITIVE INFLUENCE ON INDOCHINA THROUGH THE NEUTRALIZATION PROPOSAL, BUT ONLY AFTER INDOCHINA CONFLICT WAS SETTLED; (7) ENLARGEMENT OF ASEAN BEYOND ITS TEN POTENTIAL MEMBERS WOULD LEAD TO ENDLESS SERIES OF DEMANDS FOR ADDITIONAL MEMBERSHIP; (8) EVENTUALLY, ASEAN MIGHT HOPE FOR A COMMON MARKET AND PERHAPS DEFENSE COOPERATION; (9) MALAYSIA IN BEST POSITION AMONG ASEAN COUNTRIES TO TALK WITH BURMA, AND RAZAK HOPED TO VISIT RANGOON AGAIN SOON; (10) RAZAK SAID MALAYSIA TRYING TO ESTABLISH NEW INTEGRATED GROWTH AREAS DECENTRALIZED THROUGHOUT THE COUNTRY; (11) REAL PROBLEM FOR A MIDDLE EAST SETTLEMENT PRESENTED BY JERUSALEM; AND (12) RAZAK ALSO ANTICIPATED USEFUL POLITICAL DISCUSSIONS AT LAHORE SUMMIT BUT ADDED THAT ARABS WERE VEY EMOTIONAL AND PLAYED TO GALLERIES.

E. MEETING WITH MINISTER FOR PRIMARY INDUSTRIES TAIB:
IN REPLY TO QUESTIONS POSED BY AS INGERSOLL, TAIB SAID MALAYSIA EXPECTS BUILD UP ITS PRIMARY PRODUCT INDUSTRIES--RUBBER, PALM OIL, TIMBER, PETROLEUM--PRIMARILY FOR EXPORT ABROAD. HIS
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PAGE 04 KUALA 00626 142055Z

MINISTRY HAS IN MIND PLANTS TO PROCESS NATURAL GAS FROM OFF-SHORE PRODUCTION IN SOUTH CHINA SEA TO PRODUCE CHEMICAL FERTILIZERS AND HAS BEEN IN CONTACT WITH US AND OTHER FOREIGN COMPANIES. GOM, HOWEVER, HAS MADE NO COMMITMENTS WHAT TARGET DATE IS. TWO PETRO-CHEMICAL PLANTS ARE CURRENTLY UNDER CONSIDERATION AND FIRM DISCUSSIONS WILL BE MADE SHORTLY. IN ADDITION GOM PLANS BUILD NEW STEEL PLANT ON EAST COAST OF PENINSULAR MALAYSIA NEAR IRON ORE SITE AND PLANS COLLABORATE IN ASEAN-WIDE AUTOMOTIVE PARTS INDUSTRY. TAIB WENT TO SOME LENGTHS TO EXPRESS APPRECIATION FOR CONSIDERATION SHOWN BY USG IN TIN DISPOSAL PROGRAM. HE DID NOT COMMENT ON HIS RECENT TOUR OF ARAB OIL PRODUCING COUNTRIES.
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